

AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 669

Introduced by Assembly Member Stone
(Coauthor: Assembly Member Williams)

February 21, 2013

An act to amend ~~Section 3202~~ *Sections 3108, 3203, and 3227* of the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 669, as amended, Stone. Oil and gas: drilling.

Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. The State Oil and Gas Supervisor supervises the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities related to oil and gas production within an oil and gas field regarding safety and environmental damage. Existing law further requires a person who acquires the right to operate a well or production facility, whether by purchase, transfer, assignment, conveyance, exchange, or other disposition, to meet specific requirements before drilling operations.

This bill would additionally require the operator prior to drilling, *redrilling, or deepening* operations to submit proof to the supervisor that the applicable regional water quality control board has approved the *disposal* method and location of wastewater disposal for the well.

Existing law requires the supervisor, on or before the first day of October of each year, to make public a report on specified information. Existing law requires an operator of a well, on or before the end of

each month, to file with the supervisor a statement for the last preceding calendar month detailing specified information.

This bill would additionally require the supervisor to include information on the origin and total amount of freshwater used in each county for the production of oil and gas production, the disposal of wastewater from oil and gas production in each county, and the well casing failures in each county. The bill would additionally require the operator of a well to include in the statement information on the origin and total amount of freshwater used in each well and the disposal of wastewater.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 3108 of the Public Resources Code is*
2 *amended to read:*

3 3108. (a) On or before the first day of October of each year
4 the supervisor shall make public, for the benefit of all interested
5 persons, a report in writing showing:

6 ~~(a)~~

7 (1) The total amounts of oil and gas produced in each county
8 in the state during the previous calendar year.

9 ~~(b)~~

10 (2) The total cost of the division for the previous fiscal year.

11 ~~(c)~~

12 (3) The total amount delinquent and uncollected from any
13 assessments or charges levied pursuant to this chapter.

14 (4) *The origin and total amount of freshwater used in each*
15 *county for oil and gas production during the previous calendar*
16 *year.*

17 (5) *The surface and underground destinations and total amount*
18 *of disposed wastewater from oil and gas production in each county*
19 *during the previous calendar year.*

20 (6) *The total number of well casing failures in each county, the*
21 *exact location of these wells, the reason for the failures, and at*
22 *what point the failures occurred, such as during well completion,*
23 *well stimulation, or well production, during the previous calendar*
24 *year.*

25 ~~The~~

1 (b) The report shall also include ~~such~~ other information as the
2 supervisor deems advisable.

3 SEC. 2. Section 3203 of the Public Resources Code is amended
4 to read:

5 3203. (a) The operator of ~~any~~ a well, before commencing the
6 work of drilling the well, shall file with the supervisor or the district
7 deputy a written notice of intention to commence drilling. Drilling
8 shall not commence until approval is given by the supervisor or
9 the district deputy. If the supervisor or the district deputy fails to
10 give the operator written response to the notice within 10 working
11 days from the date of receipt, that failure shall be considered as
12 an approval of the notice and the notice, for the purposes and
13 intents of this chapter, shall be deemed a written report of the
14 supervisor. If operations have not commenced within one year of
15 receipt of the notice, the notice shall be deemed canceled. The
16 notice shall contain the pertinent data the supervisor requires on
17 printed forms supplied by the division or on other forms acceptable
18 to the supervisor. The supervisor may require other pertinent
19 information to supplement the notice.

20 (b) After the completion of any well, this section also applies
21 as far as may be, to the deepening or redrilling of the well, any
22 operation involving the plugging of the well, or any operations
23 permanently altering in any manner the casing of the well. The
24 number or designation of any well, and the number or designation
25 specified for any well in a notice filed as required by this section,
26 shall not be changed without first obtaining a written consent of
27 the supervisor.

28 (c) If an operator has failed to comply with an order of the
29 supervisor, the supervisor may deny approval of proposed well
30 operations until the operator brings its existing well operations
31 into compliance with the order. If an operator has failed to pay a
32 civil penalty, remedy a violation that it is required to remedy to
33 the satisfaction of the supervisor pursuant to an order issued under
34 Section 3236.5, or to pay any charges assessed under Article 7
35 (commencing with Section 3400), the supervisor may deny
36 approval to the operator's proposed well operations until the
37 operator pays the civil penalty, remedies the violation to the
38 satisfaction of the supervisor, or pays the charges assessed under
39 Article 7 (commencing with Section 3400).

1 (d) Prior to the approval of the commencement of any drilling,
2 redrilling, or deepening of a well, the operator shall submit written
3 proof to the supervisor that the applicable regional water quality
4 control board has approved the disposal method and location of
5 disposal of the wastewater, including, but not limited to, produced
6 water and flowback, for the well.

7 SEC. 3. Section 3227 of the Public Resources Code is amended
8 to read:

9 3227. (a) The owner of ~~any~~ a well shall file with the
10 supervisor, on or before the last day of each month, for the last
11 preceding calendar month, a statement, in the form designated by
12 the supervisor, showing all of the following:

13 ~~(a)~~

14 (1) The amount of oil and gas produced from each well during
15 the period indicated, together with the gravity of the oil, the amount
16 of water produced from each well, estimated in accordance with
17 methods approved by the supervisor, and the number of days during
18 which fluid was produced from each well.

19 ~~(b)~~

20 (2) The number of wells drilling, producing, injecting, or idle,
21 that are owned or operated by the person.

22 ~~(c)~~

23 (3) What disposition was made of the gas produced from each
24 field, including the names of persons, if any, to whom the gas was
25 delivered, and any other information regarding the gas and its
26 disposition that the supervisor may require.

27 ~~(d)~~

28 (4) What disposition was made of the water produced from each
29 field, and the amount of fluid or gas injected into each well used
30 for enhanced recovery, underground storage of hydrocarbons, or
31 waste water disposal and any other information regarding those
32 wells that the supervisor may require.

33 (5) *The total amount of wastewater, including, but not limited*
34 *to, produced water and flowback, generated per well, the amount*
35 *of wastewater disposed per disposition type, and the location of*
36 *each disposition site.*

37 (6) *The origin and total amount of freshwater used in each well.*

38 ~~Any~~

39 (b) An operator that produces oil by the application of mining
40 or other unconventional techniques shall file a report with the

1 supervisor, on or before March 1 of each year, showing the amount
2 of oil produced by those techniques in the preceding calendar year.

3 ~~Upon~~

4 (c) *Upon* request and making a satisfactory showing therefor,
5 a longer filing period may be established by the supervisor for any
6 particular owner or operator.

7 ~~SECTION 1. Section 3202 of the Public Resources Code is~~
8 ~~amended to read:~~

9 ~~3202. (a) A person who acquires the right to operate a well or~~
10 ~~production facility, whether by purchase, transfer, assignment,~~
11 ~~conveyance, exchange, or other disposition, shall, as soon as it is~~
12 ~~reasonably possible, but not later than the date when the acquisition~~
13 ~~of the well or production facility becomes final, notify the~~
14 ~~supervisor or the district deputy, in writing, of the person's~~
15 ~~operation. The acquisition of a well or production facility shall not~~
16 ~~be recognized as complete by the supervisor or the district deputy~~
17 ~~until the new operator provides all of the following material:~~

18 ~~(1) The name and address of the person from whom the well or~~
19 ~~production facility was acquired.~~

20 ~~(2) The name and location of the well or production facility,~~
21 ~~and a description of the land upon which the well or production~~
22 ~~facility is situated.~~

23 ~~(3) The date when the acquisition becomes final.~~

24 ~~(4) The date when possession was or will be acquired.~~

25 ~~(5) An indemnity bond for each idle well. The bond shall be in~~
26 ~~an amount as provided in Section 3204 or 3205. The conditions~~
27 ~~of the bond shall be the same as the conditions stated in Section~~
28 ~~3204. An operator that has provided an individual bond required~~
29 ~~by this subdivision in an amount as provided in Section 3204 shall~~
30 ~~not be required additionally to comply with the requirements of~~
31 ~~Section 3206. An operator who has provided a blanket indemnity~~
32 ~~bond in the minimum amount required in subdivision (a) or (b) of~~
33 ~~Section 3205 shall additionally comply with Section 3206 for any~~
34 ~~idle wells not covered by a bond provided under Section 3204.~~

35 ~~(b) Prior to the approval of the commencement of any drilling~~
36 ~~or redrilling of a well, the operator shall submit proof to the~~
37 ~~supervisor that the applicable regional water quality control board~~
38 ~~has approved the method and location of wastewater disposal for~~
39 ~~the well.~~

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